

LUTHERAN COUNCIL OF GREAT BRITAIN

(Council of Lutheran Churches)

ANNUAL REPORT AND ACCOUNTS



YEAR ENDED
31 DECEMBER 2022

Company registration number 557552

Charity registration number 232042

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Company registration number 557552

Charity registration number 232042

Registered Address:

Ground Floor, 46-48 Webber Street, London SE1 8QW

The Lutheran Council of Great Britain has adopted the working name 'Council of Lutheran Churches' (CLC).

This report has been prepared in accordance with the special provisions of the Companies Act 2006 relating to small entities.

LETTER FROM THE CHAIR



Image LWF/Albin Hillert

A New Step Forward

The year 2022 will be one of the most significant years in the soon 75 years of CLC's history. On Reformation Day – 31st October we could open the new Lutheran Centre in Trident House, Webber Street in the Waterloo area in London. What a joy! Quite a number of guests took part in the ceremony and the social gathering afterwards. We are especially grateful for Bishop Christopher Chessun's participation at this event – as a sign of the communion which is shared between the Church of England and the Lutheran Churches in the UK and the Nordic and Baltic countries.

The new space is like a dream come true, not only for the daily work of the staff of CLC, including the International Lutheran Student Chaplaincy, but also as an office for the Lutheran Church in Great Britain.

I am thankful to our General Secretary, Dr Anna Krauss, together with her staff, for all their efforts to plan and create this nice and practical space we now have got. We have already experienced the great potential this new office has, to become an important Lutheran and ecumenical meeting place in a central London location.

I write this letter while we have entered the new year, 2023, when we shall celebrate the existence of the Council for 75 years. We want to focus on the interesting development of the work of the Lutheran council during changing circumstances. And we are looking forward to hosting, in cooperation with the LCiGB an important meeting for European Lutherans as an Pre-Assembly to the LWF's (Lutheran World Federation) 13th General Assembly in Krakow, Poland in September. This meeting will take place at Mansfield College in Oxford, where CLC has been involved in training Lutheran pastors in earlier days, and lately also has supported a Sanctuary Scholarship at this college.

Let me also mention that the General Secretary has played an increasingly important role in ecumenical circles, like Churches Together in England (CTE) and the LWF.

I am sure that the CLC is fulfilling its obligation as a charity supporting our members to serve people in times when we all face uncertainty and insecurity. That is part of the Lutheran legacy since WW II, when refugees needed social and pastoral care. We are ready to move forward in faith and with hope.

+ Tor B Jørgensen

Chair Council of Lutheran Churches

TRUSTEES' REPORT

The Trustees have pleasure in presenting their report and the audited financial statements of the Lutheran Council of Great Britain, which trades as the Council of Lutheran Churches or 'the Council', for the year ending 31 December 2022.

Who we are:

The Council is a body of churches that have come together to express their shared Lutheran heritage and identity through common work in Britain, enriched by their cultural and linguistic diversity. Each church has its own administrative structure, which may be closely linked to the church in its country of origin, or to one of its synods or dioceses. They all offer particular ministries and programmes in Britain for the language groups they serve. The Council was established in 1948 to represent and co-ordinate the common work of Lutheran churches and parishes which have congregations or chaplaincies in Great Britain from a wide range of national and linguistic backgrounds.

- **Members**

The ordinary members of the Council are nominated by the member churches or parishes and approved by the Directors. The following churches nominated members to the Council in 2022:

Danish

Estonian

Finnish

Synod of German-Speaking Lutheran, Reformed and United Congregations in Great Britain

Icelandic

Latvian

Lutheran Church in Great Britain (including Chinese, English, Polish, Swahili speaking congregations)

Norwegian

Swedish

- **Trustees and Directors**

- Chair: Right Revd. Tor Berger Jørgensen
- Deputy Chair: Mr. Jan-Eric Österlund
- Rev Therese Bazard
- Rev. Dag Magnus Havgar
- Ms Salla Korteniemi
- Mrs Madelaine Mason
- Rev. Bernd Rapp (resigned June 2022)
- Mr. Paul Renken
- The Ven. Mark Steadman (resigned June 2022)
- Rev Silke Halfmann (appointed September 2022)
- The Rev. Dr Alun Ford (appointed February 2023)

- **Administrative and professional staff during 2022**

General Secretary: Dr Anna Krauss

Chaplain: Rebecca Daniel

Outreach Coordinator: Meelis Söld

Administration Manager: Emily Weller

Finance Manager: Judith Edward

- **Committees**

The Council had the following committees in 2022:

The Finance Committee: Responsible for monitoring the Council's financial position, compliance with regulatory and financial requirements and risk management on behalf of the Trustees. This is achieved by considering regular management accounts in relation to budgets, reports on financial controls and reviewing the risk register.

Members

Mr Michael Rickard (Chair of the committee)

Mr Jan-Eric Österlund

Dr Anna Krauss

Miss Judith Edward

Mr Per Jonsson (appointed February 2023)

The Investment Committee: Responsible for monitoring the Council's investment performance on behalf of the Trustees, by receiving investment reports and with meetings with investment managers.

Members

Mr Jan-Eric Österlund (Chair of the committee)

Mrs Eva Sheppard

Mr Paul Renken

Dr Anna Krauss

Miss Judith Edward

The Nominations Committee: Responsible for recommendations for Trustee appointments, by identifying current or future gaps in trustee skills and seeking suitable applicants.

Members

Mr Paul Renken (Chair of the committee)

Revd. Lagle Heinla

Right Revd. Tor Berger Jørgensen

The Grants Committee: Responsible for proposing grant policies and strategic direction of grant awards, to oversee the grant process and to review all grants applications. The Grants Committee is responsible for the management of the two large grant agreements with the Latvian Church and the Lutheran Church in Great Britain.

Members

Revd. Dag Magnus Havgar (Chair of the committee)

Mr Jan-Eric Österlund

Mrs Anne Trinklein

Dr Anna Krauss

Miss Judith Edward

Legal structure, governance and management

The organisation is a company limited by guarantee and registered as a charity in England and Wales. The Council's governing document is the Articles of Association. The Board of Trustees comprises the directors of the company.

Trustees are elected for an initial three-year period and are eligible for a further two terms of three years. The Board of Trustees can appoint a trustee to fill a casual vacancy until the next General Meeting. The Nominations Committee supports the process by seeking suitable applicants and providing recommendations. Newly elected trustees are given induction training on their duties and responsibilities as members of the Board of Trustees. Training needs are reviewed regularly and specific training is given to trustees as required.

The Board of Trustees approves the remuneration of the General Secretary and the annual pay award given to all staff. Salaries are benchmarked against comparable roles in the charity and faith sectors.

Relationships with other bodies and external networks

The Council is a 'recognised council' of the Lutheran World Federation (LWF), a global communion of Lutheran churches, and is entitled to attend but not vote at assemblies of the LWF. Founded in 1947 in Lund, Sweden, the LWF represents about 95% of all Lutherans and acts in ecumenical and inter-faith relations, theology, humanitarian assistance, human rights, communication and mission and development work. There are 148 member churches spanning 99 countries in Africa, Asia, the Pacific, Europe, Latin America and North America.

The Council has been actively involved in Churches Together in Britain and Ireland (CTBI), Churches Together in England (CTE), the national ecumenical bodies, as well as Faith in Europe, and the Anglican Lutheran Society. These organisations convene meetings covering a broad range of topics related to the unity of the Church, which are attended by various Council Members and trustees.

The Council is a member of Bethphage (charity no 1046225). Bethphage was founded by a US based Lutheran charity supporting adults with learning disabilities. Now an entirely secular organisation, the Council remains one of the two members of Bethphage. A representative of the Council attends the Annual general Meeting and the Council's General Secretary is a trustee of Bethphage. The connection with Bethphage enables the Council to support a minority group of vulnerable people who are often overlooked by society.

ACHIEVEMENTS AND PERFORMANCE

Objectives

The Council's main charitable object is stated in its Articles of Association: *'The advancement of the Christian religion by bearing united witness before the World to the Gospel of Jesus Christ as the power of God for salvation.'*

In meeting this objective, the Council supports chaplaincy to young people and empowers its member churches through grant giving, material support in providing office space, administration assistance, expertise over policy development and regulatory compliance. The Council also creates outreach activities with our member churches to establish a shared sense of Lutheran identity in our churches and works together with its ecumenical partners to raise awareness about Lutherans in the UK. This increases the stability of our member churches and Lutheranism in the UK in general. Thus, CLC is engaged in serving the wider community underpinned by its Christian values and seeking to strengthen the witness to Christ's Gospel of salvation.

We regularly review the uptake of grants and participation in our student chaplaincy as well as outreach activities.

Background

In accordance with the 2021 strategic plan, much of the work was focused on finalising the purchase of the lease and the subsequent fit out of the ground floor of Trident House in London. After two years characterized by lockdowns and the rethinking of the Council's structure, 2022 provided the first year of relative 'normality' in which the new financial strategy could be tested. Both the Council and its member churches were able to operate without any Covid-related restrictions, which saw an enormous increase of in-person gatherings and activities. 2022 was also the first full year in which the newly structured work of the student chaplaincy and the outreach strategy could be implemented. The student chaplaincy was able to establish a regular pattern of activities in collaboration with St Mary's German church and other member churches. It has built a core community of mainly international graduate students and young adults transitioning from university to employment after their degree. The outreach programme has increased our social media following threefold and we are working on engaging member churches in face-to-face activities like seminars and trainings post pandemic.

We were able to negotiate major grant agreements with two of our member churches. These agreements will stabilize the respective churches' finances and give them time to establish a financially sustainable way into the future.

The invasion of Ukraine led to strong focus on support of refugees both in the UK and of LWF churches in countries surrounding Ukraine. The inflationary economy and volatile markets were also an area of concern for the Council.

Investment and Investment Income

At the start of 2022 we had around £21.4 million in investments, this included £2.7 million that was set aside for the purchase of the new property. After a very strong investment performance over the prior two years, with gains of £1.2 million in 2020 and £2.3 million in 2021, the less certain economic conditions led to a reduction in market values and as a result our investments fell by £1.3 million or -7.5% in 2022.

The Council's long term investment objective is an average total return of 3.5% + inflation, so that the portfolio maintains its value over the longer term and provides a sufficient return to fund operations. We exceeded this during 2021, where the growth achieved was 14.2% and the benchmark was 8.8%, but in 2022 performance at -7.5% was below the benchmark of

+12.6%. The Council recognises the challenges posed by the benchmark in a period of high inflation. However the portfolio outperformed the ARC (Asset Risk Consultancy) Charity Steady Growth index over the year with two percentage units (-7.5% as compared to -9.5% for the index).

At the end of 2022 we had Fixed Assets of £20.6 million of which £3.7 million was in our properties at Trident House and Sandwich Street and £16.9 million in investments. These investments were managed by two different Investment Managers and spread over a substantial number of different investment funds and individual shares and bonds diversified over different industries and countries with the majority denominated in Sterling.

Organisation and staff

The Council did not see any changes in staff and its operations followed the strategy established in 2021.

Committees

All committees are meeting regularly and report back to the board. The Grants Committee is now overseeing the major agreements with two of our member churches.

Property

The purchase of the ground floor of Trident House was finalised in the first half of 2022. The fit out was completed in September 2022 and the Council moved into its new headquarters in October.

The property has both office and meeting spaces. The meeting rooms are well equipped for hybrid meetings and have received much positive feedback from visiting groups. One of the rooms is dedicated to digital outreach with equipment for both audio and video recordings. Member churches and associated groups are encouraged to use the space for their activities.

In September 2022, the trustees decided to sell the Council's residential property in Sandwich Street. The management of a rental property takes away too much time from the small staff team. At the time of writing, the sale is in its preparatory stages.

Grant Giving

In 2022 we awarded nearly £275,000 in grants to our member churches of which £118,000 were destined for 2022 and the remaining amount for future years. The majority of the grants gives support to operational costs, but one grant was awarded for a Racial Justice project to help raising awareness of and overcoming racism.

The Grants Committee oversaw the negotiations of two major grants agreements which are now in place and will support the respective churches to find a sustainable long-term strategy. The grant agreements are each in place for three years until 2025.

The Sanctuary Scholarship which was set up for Mansfield College, Oxford, is in its second year and the Council is looking into the possibility of funding a second three-year term starting in September 2024. However, the financial implications are not fully clear yet and the Council is in contact with Mansfield College to receive full details.

As an expression of gratitude for the funds which the Council received in its early years and for the establishment of the International Lutheran Student Centre (ILSC), the board decided to set aside £100,000 and donate this amount over a 10-year period towards charitable purposes at the discretion of the trustees. This means a donation of £10,000 in total will be made each year. The donation in 2022 was given to the Lutheran World Federation for the support of churches who are facing the consequences of Russia's invasion of Ukraine. This relates to both LWF member churches in Ukraine itself as well as churches outside Ukraine

supporting refugees from Ukraine.

Student Chaplaincy

Following the strategic goals set out in 2021, the student chaplain Rebecca Daniel established regular devotional and social activities for students and developed a network of Lutheran student chaplains across the country. The Council collaborates with St Mary's German church and is connecting both students and student chaplains from other Lutheran churches to join services and activities.

The student chaplaincy remains involved in the network of chaplains in higher education and champions diversity and integration of students of all faiths and none, as well as inclusion of people from LGBTQ+ and ethnic minority backgrounds. While the international student population in the UK remains high, chaplaincy works specifically dedicated to this group of students remains an important niche not otherwise supported by many chaplaincies.

2022 saw an increase in applications for the Student Support fund. This is due to both wider publicity of the fund's existence and an increase in the cost of living which has hit the student population particularly hard.

Outreach

The Council's regular outreach activities continue. This involves mainly digital formats such as the podcast, the weekly devotional series, coverage of special church seasons and major events, as well as webinars. The theme year has not received much attention and we are working on improving our strategy to implement this. We will continue to grow the online outreach and start our Instagram and TikTok Channel in 2023.

The recording studio in our new property is well equipped and helps to produce high quality content. Both the studio and the hybrid facilities of our meeting rooms have attracted our member churches and associated groups, who can use the equipment for their own recordings and meetings.

In the second half of 2022, we started a collaboration on a webinar series on story telling with Churches Together England. This series has launched in February 2023. We are also preparing for a major event in March 2023, the European Pre-Assembly of the Lutheran World Federation, which will bring 120 delegates from across Europe to Oxford. They will prepare for the global assembly later in 2023. This assembly only occurs every six to seven years and is the biggest and most important event for the Lutheran World Federation. The Council is helping the Lutheran Church in Great Britain to host the Pre-Assembly and has set aside much time, workforce and money to support this event. It will give us a chance to present the life of Lutherans in the UK to a wide audience and showcase both the pressures of a small minority church and its resilience.

Our ecumenical activities continue to thrive. The General Secretary will take up a presidency of Churches Together in England in May – the other five presidents are leading figures from other church traditions, such as the Archbishop of Canterbury for the Church of England and the Archbishop of Westminster for the Roman Catholic Church.

FUTURE PLANS AND STRATEGY

Building on the experiences of a largely uninterrupted but economically challenging year, our focus for 2023 will be on the following areas:

a) Property

Now that Trident House is in use, we would like to see more groups and individuals use its facilities. We have already established some good relations to groups associated with the Council who would like to use the meeting rooms on a regular basis. However, we need to do more to encourage our member churches to use the space.

The sale of our residential property is a priority and should be completed by the end of 2023. The money will help to strengthen our reserves, which have suffered during a year of negative investment returns.

b) Refining the long-term strategy

After a year of experience with the new long-term strategy, we see small areas in need of improvement that our annual strategy meeting with staff and trustees has identified. This relates to further improving the relationship-building with our member churches through specifically targeted outreach and student chaplaincy activities as well as regular visits of the congregations. We will also need to keep a close eye on the annual budget, as 2023 will be the first full year of inhabiting the new property. With a high level of inflation, especially with the increase in energy costs, we will be able to monitor how accurate our budgeting for 2023 was.

We will also need to keep a close eye on investment returns and the effect of volatile markets on our reserves policy.

c) Raising awareness of the situation of Lutherans in the UK

Both the European Pre-Assembly at Oxford as well as the ecumenical work done by Council members will help to raise the profile of Lutherans in the UK. It is not easy to raise awareness of the difficult situation Lutheran churches in the UK are facing. At the same time, established churches are facing decline and the problems facing old structures can profit from the experience in churches which have never experienced the comfort of being 'established'.

d) Support of member churches

Beyond our grant giving support for member churches, we want to focus on other ways in which our member churches can benefit from the Council's presence. We are open to different opportunities of focusing on educational, devotional or other forms of content and will develop this into a clear vision in the coming years.

Going Concern

The Council is confident that it will continue to be a going concern. The Council has a very strong balance sheet and resources that will see it through the foreseeable future. The Council's strategy is to ensure that it is sustainable over the longer-term and the annual budget is set accordingly ensuring that both short-term and long-term goals can be met.

FINANCIAL REVIEW

Review of financial position

Incoming and outgoing resources for the year are detailed in the Statement of Financial Activities (SoFA), together with the net gains and losses on investments and fixed assets. These are shown separately for the Council's unrestricted funds, which may be used at discretion of the Board of Trustees and the Council's restricted funds which must be spent in accordance with the donors' wishes.

Overview of 2022

The purchase of Trident House was the major financial transaction in the year and was completed in May 2022. The Council had designated £2.7 million for the project and the total capital cost including the fit-out came in slightly below this amount. Operationally expenditure was steady at £0.6 million (2021: £0.6 million), and it included the first year grant award of the 3-year agreements with the Lutheran Church in Great Britain (LCiGB) for £97,000 and the Latvian Church for £18,000. After two years of successive gains (in 2020 and 2021), our investments fell in value by -7.5% in 2022. Despite this loss we remain in a healthy financial position.

Net expenditure after investment profits and losses for the year amounted to £1.9 million (2021: net income £1.8 million).

Total funds carried forward at 31 December amounted to £20.7 million (2021 £22.5 million).

Income

Total income was £0.4 million (2021: £0.4 million). The majority of income was from investments.

Expenditure

Total resources expended was £0.6 million in the year (2021: £0.6 million).

- The Costs of Generating Funds had a modest increase to £95,000 (2021: £92,000) due to an increase in investment management fees.
- Overall Charitable Expenditure was £0.5 million (2021: £0.5 million).
 - Direct expenditure on Grants and other support for churches was £118,000 (2021: £169,000), this had included the first year of the new 3-year agreements with LCiGB for £97,000 and the Latvian Church for £18,000. The total grant expenditure did reduce as only one Covid Support grants was made for £3,000 (2021: £60,000) and this fund has now closed.
 - Support costs increased by £55,000 to £227,000 as the new premises have been occupied since October 2022 and consequently depreciation and facility costs are greater.
 - Direct expenditure on Outreach was similar to previous year as we undertook social media activities, podcasts and training events for members.
 - Direct expenditure on Chaplaincy was similar to the previous year, as we provide a range of student services and events.

Investment Gains

There was a net loss on investments of £1.7 million (2021: net gain £2.0 million). The investment markets did not perform well in 2022 and the fall in investment values was due to geopolitical uncertainty, increasing energy prices, rising inflation and slower growth.

The Balance Sheet

Tangible Fixed Assets

The Council holds various tangible fixed assets to support its activities.

In May 2022 the leasehold of the ground floor of Trident House, 46-48 Webber Street was purchased. The cost was £2.4 million including fees. A further £0.3 million was spent on the internal fit-out to provide office and meeting spaces.

The Council also owns 4 Sandwich Street, which comprises four self-contained flats that are used by staff or visiting clergy.

Investment policy

The performance of the financial investments is measured on a total return basis (combining income and capital growth). The total return was a loss of -7.5%. It was a difficult year. However, the investments performed better than the benchmark of comparable funds, which had a loss of -9.5%. £2.7 million was withdrawn for the purchase and fit-out of Trident House. At 31 December 2022, the total investments (apart from property) were £16.9 million (2021: £21.4 million).

Investments are made according to ethical principles; investments are only made in companies that have sustainable business practices and manage their environmental, social and governance responsibilities well. Both fund managers have mechanisms in place to ensure our investments meet these criteria.

Reserves Policy

The policy states the minimum level of working capital that is to be held in the General Fund to ensure the Council can meet its operational and grant giving activities and maintain sufficient capital to be sustainable over the medium to longer term. The level is subject to annual review. The Board of Trustees has determined that the minimum level of the General Fund should be £16.7 million and a target level of £18.6 million. At the end of 2022 the General Fund was £16.8 million, which was above the minimum level.

Designated Funds

The Council has four designated funds.

- Fixed Asset fund which represents the funds tied up in functional fixed assets used for charitable purpose.
- Property Purchase fund was for the purchase of a new Lutheran Centre that is now the focus of our operations.
- Donation fund, in recognition that the ILSC was funded by donations. When it was sold it was agreed to set up this fund to make an annual donation to causes that aligned with the Council's mission.
- Student fund. This fund is to provide support to students.

Further details are given in note 18 to the financial statements.

Restricted Funds

In 2022 the Council approved the closure of the Student Hardship Fund, this was permissible as the Council had put the restriction in place and not the donors. The funds were transferred to the designated Student fund which has a broader purpose.

Risk Management

The Trustees have reviewed the major risks, financial and non-financial, to which the Council is exposed in the course of its current activities. The Finance Committee reviews risks at its meetings, ensures that the risk register is current and reports regularly to the Trustees in order to ensure that the risk management is kept up to date. Trustees have assessed these risks and have ensured that appropriate systems and controls exist to minimise internal risks and that effective response mechanisms exist to respond to and minimise the impact of external risks. The Council's principal risks and mitigation strategies includes risks to safeguarding in its member churches, reputation, health and safety, governance and finance.

After mitigation and considering the impact and likelihood, the Council's top risks and the Council's strategy for mitigating them at year end were as follows:

Risk	Mitigation
<ul style="list-style-type: none">Poor investment performance, impacting ability to give grants and deliver outreach programme.	<ul style="list-style-type: none">Investment committee with investment expertise to guide decision making; funds invested with 2 investment managers; regular reports from managers to monitor performance.
<ul style="list-style-type: none">Reputational risk arising from a safeguarding incident	<ul style="list-style-type: none">Provide safeguarding training and support to member churches
<ul style="list-style-type: none">Loss of IT systems or breach of security due to malware or virus attack	<ul style="list-style-type: none">IT security including virus software and passwords; backups stored off-site; cyber crime awareness training for staff.

PUBLIC BENEFIT

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 and have taken due regard of the Charity Commission's guidance on public benefit and are satisfied that the various activities of the Council provide a public benefit. All Trustees give their time voluntarily and receive no private benefit from the Council.

The Council has not performed any direct fundraising activities during the current or prior year, apart from private donations. In 2022 it received no donations (2021: £675). No complaints have been referred to the Fundraising Regulator during this period.

PRINCIPAL ADVISERS

Auditors

Price Bailey,
3rd Floor, 24 Old Bond Street,
Mayfair
London W1S 4AP

Solicitors

BDB Pitmans LLP,
50 Broadway,
London SW1H 0BL

Bankers

CAF Bank Ltd,
25 Kings Hill Avenue, Kings Hill,
West Malling,
Kent, ME19 4JQ

Investment Managers and Advisers

Cazenove Capital Management,
1 London Wall Place,
London, EC2Y 5AU

Rothschild & Co Wealth Management UK
Limited
New Court, St Swithin's Lane
London EC4N 8AL
United Kingdom

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of The Lutheran Council of Great Britain for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

1. select suitable accounting policies and then apply them consistently;
2. observe the methods and principles in the Charities SORP FRS102 (2019);
3. make judgments and accounting estimates that are reasonable and prudent;
4. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
5. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

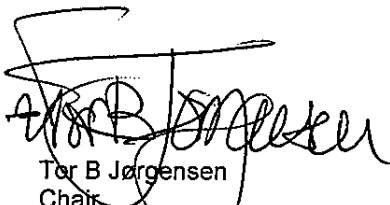
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

The Council's auditors, Price Bailey LLP, a limited liability partnership, were re-appointed at the June 2022 GM. The Trustees (as directors for company purposes) who held office at the date of approval of the Annual Report and Accounts confirm that, so far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and each Trustee has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information. This report has been prepared taking advantage of the small companies' exemption of section 415A of the Companies Act 2006.

SIGNED ON BEHALF OF THE BOARD


Tor B Jørgensen
Chair
Date: 11th May 2023


Jan-Eric Österlund
Deputy Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LUTHERAN COUNCIL OF GREAT BRITAIN

Opinion

We have audited the financial statements of The Lutheran Council of Great Britain (the 'charitable company') for the year ended 31 December 2022 which comprise the Statement of Financial Activities incorporating the Income and Expenditure account, the Charitable Company Balance Sheet, the Statement of Cash Flows and the related notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the trustees' report and from the requirements to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Charitable Company and the sector in which it operates, and considered the risk of the Charitable Company not complying with the applicable laws and regulations including fraud in particular those regulations directly related to the financial statements, including financial reporting, and tax legislation. In relation to the operations of the Charitable Company this included compliance with the Companies Act 2006, Charities Act 2011 and SORP 2019.

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

Reviewing minutes of Board meetings, reviewing any correspondence with the Charity Commission, agreeing the financial statement disclosures to underlying supporting documentation, and made enquiries of management and officers of the Charitable Company. The procedures in place for the reporting of any incidents to the Trustee Board including serious incident reporting of these matters as necessary with the Charity Commission and a review of legal fees during the period.

Management override: To address the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness. We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates.

Because of the inherent limitations of an audit, there is the risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involved intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>.

This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Cooper-Davis FCCA ACA (Senior Statutory Auditor)

for and on behalf of Price Bailey LLP

Chartered Accountants and Statutory Auditor

3rd Floor, 24 Old Bond Street, Mayfair, London W1S 4AP

Date: 08 June 2023

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an Income & Expenditure Account)
for the year ended 31 December 2022

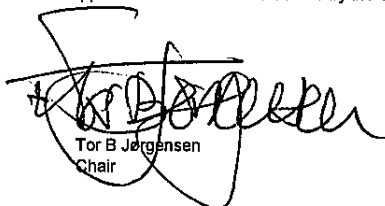
	Notes	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
Income							
Donations and legacies							
Grants, donations and contributions	3	2,000	-	2,000	2,925	-	2,925
Income from charitable activities							
Rental income from 4 Sandwich Street let to clergy and temporary staff		125	-	125	9,476	-	9,476
Income from investments	4	423,553	-	423,553	390,877	-	390,877
Other income							
Sundry income	5	-	-	-	3,093	-	3,093
Total income		425,678	-	425,678	406,371	-	406,371
Expenditure							
Expenditure on raising funds	6	94,643	-	94,643	91,945	-	91,945
Expenditure on charitable activities							
Outreach (Ecumenical relations and communications)		137,216	-	137,216	107,439	-	107,439
Student chaplaincy		71,050	-	71,050	52,088	-	52,088
External Grants and Donations	7	15,032	-	15,032	15,441	-	15,441
Grants and other support for churches	8	147,262	-	147,262	185,817	-	185,817
Accommodation at 4 Sandwich St		56,367	-	56,367	52,896	-	52,896
Governance costs		96,952	-	96,952	97,292	-	97,292
Total charitable activities	9	523,879	-	523,879	510,973	-	510,973
Total expenditure		618,522	-	618,522	602,918	-	602,918
Net (losses)/gains on investments	14	(1,682,859)	-	(1,682,859)	1,971,551	-	1,971,551
Net (expenditure) / income		(1,875,703)	-	(1,875,703)	1,775,004	-	1,775,004
Transfer between funds		7,627	(7,627)	-	-	-	-
Net movement in funds		(1,868,076)	(7,627)	(1,875,703)	1,775,004	-	1,775,004
Funds at 1 January		22,540,362	7,627	22,547,989	20,765,358	7,627	20,772,985
Funds at 31 December	17 / 18	20,672,286	-	20,672,286	22,540,362	7,627	22,547,989

THE LUTHERAN COUNCIL OF GREAT BRITAIN Company limited by guarantee no. 557552

BALANCE SHEET
at 31 December 2022

	Notes	2022 £	2021 £
FIXED ASSETS			
Tangible assets	13	3,699,732	1,084,224
LCGB Trading Ltd (dormant subsidiary)	14	100	100
Investments	14	16,895,364	21,359,257
		<u>20,595,196</u>	<u>22,443,581</u>
CURRENT ASSETS			
Debtors	15	7,396	15,247
Cash at bank and in hand		137,343	134,799
		<u>144,739</u>	<u>150,046</u>
CREDITORS			
Amounts falling due within one year	16	(67,313)	(44,957)
NET CURRENT ASSETS		<u>77,426</u>	<u>105,089</u>
Pension liability	16	(336)	(681)
NET ASSETS		<u>20,672,286</u>	<u>22,547,989</u>
FUNDS			
Restricted funds	17	-	7,627
Unrestricted funds	18		
Designated funds		3,834,695	3,976,565
General funds		16,837,591	18,663,797
TOTAL FUNDS	19	<u>20,672,286</u>	<u>22,547,989</u>

The financial statements have been prepared in accordance with the small companies provision of the Companies Act 2006, and were approved and authorised for issue by the Council on 11th May 2023 and were signed on its behalf by


Tor B Jørgensen
Chair


Jan-Eric Österlund
Deputy Chair

Statement of Cash Flows
for the year ended 31 December 2022

	2022 £	2021 £
Cash flows from operating activities		
Net (expenditure)/income	(1,875,703)	1,775,004
Depreciation charges	59,332	19,478
Losses/(Gains) on investment assets	1,682,859	(1,971,551)
Investment income	(423,553)	(390,877)
Trade and other receivables: decrease in debtors	7,851	175
Trade and other payables: increase/(decrease) in creditors	22,356	(37,615)
(Decrease) in pension liability provision	(345)	(4,068)
Net cash (used in) operating activities	(527,203)	(609,454)
Cash flows from investing activities		
Purchase of fixed assets	(2,674,840)	(22,732)
Purchase of investments	(2,620,369)	(5,191,377)
Proceeds on disposal of investments	2,518,350	3,707,623
Net cash movement in investments	2,883,053	1,676,786
Investment income	423,553	390,877
Net cash generated from investing activities	529,747	561,177
Increase/(Decrease) in cash in the period	2,544	(48,277)
Cash and cash equivalents at 1 January	134,799	183,076
Cash and cash equivalents at 31 December	137,343	134,799

Net Debt Reconciliation

	2022 £
Analysis of changes in net debt:	
Cash and cash equivalents as at 1 January 2022	134,799
Cash flows	2,544
Cash and cash equivalents as at 31 December 2022	137,343

THE LUTHERAN COUNCIL OF GREAT BRITAIN Company limited by guarantee no. 557552
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

1 BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)) and the Companies Act 2006.

The Lutheran Council of Great Britain meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The Lutheran Council of Great Britain is a charitable company limited by guarantee incorporated in England and Wales, the charitable company address is listed on the company information page. The financial statements are rounded to the nearest £.

2 ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are:

(a) Fixed assets

Properties in the ownership of the Council are stated at the cost of additions and improvements less grants received. Office equipment, fixtures and fittings are stated at cost.

(b) Depreciation

Assets costing over £1,000 are capitalised. Depreciation is provided on a straight line basis by reference to the expected useful lives of the assets. Their useful lives are estimated as follows:

Freehold land	not depreciated
Freehold and leasehold properties	50 years
Leasehold improvements	20 years
Kitchens and bathrooms	10 years
Plant and equipment	10 years
Furniture and fittings	5 years
Computers and office equipment	3 years

(c) Income

All income is accounted for when the Council has entitlement, there is probability of receipt and the amount is measurable.

(d) Fund accounting

Restricted funds are the unexpended balances of donations and grants held on trust to be applied for specific purposes.

Designated funds are unrestricted funds that have been set aside at the discretion of the trustees for specific purposes. The purpose and use of designated funds are described in the notes to the financial statements.

General funds are the accumulated surplus of income over expenditure. They are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

(e) Grants payable

Grants payable include all grants commitments that have been approved during the year and recipients have been notified.

(f) Investments

Fixed asset investments are stated at market value in accordance with SORP 2019. The Statement of Financial Activities includes gains and losses arising from the revaluation of investments. Cash and cash funds held by investment managers is recognised as part of investments.

(g) Pension cost

The Council contributes to a group staff pension scheme. All pension schemes are defined contributions schemes. The pension cost represents contributions payable by the charity during the year.

(h) Expenditure

Costs of charitable activities comprise expenditure directly attributable to the Council's charitable objectives plus support costs.

Grant costs include all grant commitments that have been approved during the year and the recipients have been notified. The Grants Committee can approve grants under £2,000; all other grants are approved by the Board of Trustees.

Support costs comprise the costs of central management and administration insofar as these are not directly attributable to other activities. They are allocated to the costs of generating funds, charitable activities and governance according to staff time spent on each activity.

(i) Irrecoverable VAT

Irrecoverable VAT is charged back to the original cost category where the cost was incurred.

(j) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discounts offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

(k) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term deposits that are held at the bank. It excludes cash and cash funds held by Investment Managers.

THE LUTHERAN COUNCIL OF GREAT BRITAIN Company limited by guarantee no. 557552
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

(l) Creditors

Amounts due to creditors are measured at their settlement amount. Deferred income is recognised as the amount receivable as an advanced payment for goods or services that must be provided.

(m) Financial Instruments

The Charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value, except for investments which are measured at fair value.

(n) LCGB TRADING LIMITED

On 21 October 2008 the Lutheran Council of Great Britain acquired the entire share capital of 100 ordinary shares of £1 in a newly established company, LCGB Trading Limited, incorporated in England under the Companies Act 2006 (CA2006) as a private limited company. LCGB Trading Ltd was dormant during this year, with no income, no expenses, and so £NIL surplus in 2022 (2021: £NIL) and the accounts were not consolidated with the Lutheran Council of Great Britain.

(o) Critical accounting judgements and estimation uncertainty

In preparing the financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The judgements and estimates considered by the trustees to have the most significant effect on amounts recognised in the financial statements relate to the fair value of financial investments, which is made on the basis of advice from our investment managers and would be consistent with redeemed value if the asset were to be sold. The trustees do not consider there are any further critical judgements or key sources of estimation uncertainty requiring disclosure.

(p) Going concern

The trustees have reviewed detailed cash flow projections to December 2024 and have agreed detailed budgets for the year ended December 2023. Both sources of income and types of expenditure have been reviewed. Whilst one of the main charitable purposes is to provide grants to support Lutheran Churches, the level of expenditure is at the discretion of the trustees and can be adjusted during the year. The trustees have also considered the Council's working capital and capital expenditure requirements. As a result of the foregoing the trustees are satisfied that it is appropriate to prepare the accounts on a going concern basis.

3 DONATIONS AND GRANTS

	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £
Subscriptions from Members	2,000	-	2,000	2,250	-	2,250
Private donations	-	-	-	675	-	675
	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>2,925</u>	<u>-</u>	<u>2,925</u>

4 INVESTMENT INCOME

	2022 £	2021 £
Interest receivable	8,821	1,164
Dividends receivable	<u>414,732</u>	<u>389,713</u>
	<u>423,553</u>	<u>390,877</u>

In 2022 and 2021 all investment income was unrestricted, there was no restricted investment income.

5 OTHER INCOME

	2022 £	2021 £
Sundry income	-	3,093
	<u>-</u>	<u>3,093</u>

6 RAISING FUNDS

	2022 £	2021 £
Expenses relating to:		
Investment managers' fees	91,169	88,504
Support costs for managing Sandwich Street and Investments	<u>3,474</u>	<u>3,441</u>
	<u>94,643</u>	<u>91,945</u>

7 EXTERNAL GRANTS AND DONATIONS

Support for third parties includes the following grants during the year.

	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £
Lutheran World Federation for Ukraine crisis	10,000	-	10,000	-	-	-
Student support grants	1,703	-	1,703	-	-	-
Anglican Lutheran Society travel bursary grant	-	-	-	2,000	-	2,000
Student Minds donation	-	-	-	5,000	-	5,000
Churches Together in Britain and Ireland donation	-	-	-	5,000	-	5,000
	<u>11,703</u>	<u>-</u>	<u>11,703</u>	<u>12,000</u>	<u>-</u>	<u>12,000</u>
Support costs	3,329	-	3,329	3,441	-	3,441
External grants and donations	<u>15,032</u>	<u>-</u>	<u>15,032</u>	<u>15,441</u>	<u>-</u>	<u>15,441</u>

THE LUTHERAN COUNCIL OF GREAT BRITAIN Company limited by guarantee no. 557552
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

8 GRANTS AND OTHER SUPPORT FOR CHURCHES

Other support for Members includes the following grants during the year.

	Unrestricted Funds 2022	Restricted Funds 2022	Total 2022 £	Unrestricted Funds 2021	Restricted Funds 2021	Total 2021 £
Lutheran Church in Great Britain						
- Bishop, Dean and Bishop's Assistant	32,700	-	32,700	-	-	-
- support for pastors	18,011	-	18,011	18,011	-	18,011
- Chaplaincy Nottingham and Leeds	14,800	-	14,800	12,317	-	12,317
- Bishop's Assistant	-	-	-	16,535	-	16,535
- capacity building / administration support	26,843	-	26,843	26,994	-	26,994
- covid support	-	-	-	10,850	-	10,850
- racial justice project	5,000	-	5,000	5,000	-	5,000
	97,354	-	97,354	89,707	-	89,707
Latvian Evangelical Lutheran Church in GB						
- pastor salary support	14,000	-	14,000	17,500	-	17,500
- travel and premises for services	4,000	-	4,000	1,150	-	1,150
- covid support	-	-	-	11,285	-	11,285
	18,000	-	18,000	29,935	-	29,935
Icelandic Church - Covid support	2,730	-	2,730	-	-	-
Finnish Church - Covid Support	-	-	-	12,500	-	12,500
Norwegian Church - Covid Support	-	-	-	12,500	-	12,500
Swedish Church - Covid Support	-	-	-	12,000	-	12,000
German Church - Covid Support	-	-	-	11,970	-	11,970
Grants Disbursed to Members	118,084	-	118,084	168,612	-	168,612
Support costs	29,178	-	29,178	17,205	-	17,205
Total Costs for Other support for churches	147,262	-	147,262	185,817	-	185,817

In 2022 a three year grant agreement was made with the Lutheran Church in Great Britain commencing May 2022. The grant comprised year1: £74,200, year 2: £75,800 and year 3: £78,800. Due to the terms of the grant agreement only the first year commitment is accounted for in the 2022 results. A further gift-in-kind of administration support is provided on an annual basis for £23,154 (2021: £22,019).

In 2022 none of the flats at 4 Sandwich Street were let to clergy at a discounted rent, but one flat was let out at a discounted rate in 2021. This represented a grant to their church, St Katharine's Danish Church, of nil (2021: £1,910).

9 TOTAL EXPENDITURE - UNRESTRICTED FUNDS

	Support costs £	Direct Staff costs £	Establishment and office costs £	Other costs and grants £	Total 2022 £	Total 2021 £
Costs of raising funds	3,474	-	-	91,169	94,643	91,945
Outreach	60,055	57,154	848	19,159	137,216	107,439
Student chaplaincy	34,489	31,841	1,231	3,489	71,050	52,088
External grants and donations	3,329	-	-	11,703	15,032	15,441
Grants and other support for churches	29,178	23,154	-	94,930	147,262	185,817
Accommodation at 4 Sandwich St	15,085	2,018	39,264	-	56,367	52,896
Governance costs	81,022	-	-	15,930	96,952	97,292
Total charitable activities	223,158	114,167	41,343	145,211	523,879	510,973
	226,632	114,167	41,343	236,380	618,522	602,918
Prior year expenditure - unrestricted funds	Support costs £	Direct Staff costs £	Establishment and office costs £	Other costs and grants £	Total 2021 £	
Costs of raising funds	3,441	-	-	88,504	91,945	
Outreach	32,689	64,230	-	10,520	107,439	
Student chaplaincy	17,205	31,211	3,672	-	52,088	
External grants and donations	3,441	-	-	12,000	15,441	
Grants and other support for churches	17,205	22,019	-	146,593	185,817	
Accommodation at 4 Sandwich St	15,484	2,385	34,304	723	52,896	
Governance costs	82,583	-	-	14,709	97,292	
Total charitable activities	168,607	119,845	37,976	184,545	510,973	
	172,048	119,845	37,976	273,049	602,918	

A further breakdown of 'Support costs' is given in note 10.

Included in total charitable expenditure under "Other costs and grants" are fees of £7,822 (2021: £9,811) payable to the auditors for audit fees. Depreciation costs included were £59,332 (2021: £19,478) for the year (see note 13).

There was no restricted expenditure in 2022 (2021: nil). There are no restricted funds (see note 17).

THE LUTHERAN COUNCIL OF GREAT BRITAIN Company limited by guarantee no. 557552
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

10 SUPPORT COSTS

	Staff costs	Office and IT costs	Total 2022	Staff costs	Office and IT costs	Total 2021
	£	£	£	£	£	£
Costs of raising funds	2,320	1,154	3,474	2,365	1,076	3,441
Outreach	22,032	38,023	60,055	22,479	10,210	32,689
Student chaplaincy	12,756	21,733	34,489	11,831	5,374	17,205
External grants and donations	1,159	2,170	3,329	2,365	1,076	3,441
Grants and other support for churches	12,756	16,422	29,178	11,831	5,374	17,205
Accommodation at 4 Sandwich St	10,436	4,649	15,085	10,648	4,836	15,484
Governance costs	54,502	26,520	81,022	56,789	25,794	82,583
Total charitable activities	113,641	109,517	223,158	115,943	52,664	168,607
	115,961	110,671	226,632	118,308	53,740	172,048

Costs are apportioned between activities according to time spent by staff on each activity. Staff costs includes costs of employees, agency staff and training.

11 RELATED PARTY TRANSACTIONS

The Council is one of two corporate members of Bethphage Great Britain, a registered charity with international Lutheran links, providing high quality residential care and assisted living support to about 60 people in the Midlands of England. The General Secretary is a trustee of Bethphage Great Britain. There were no related party transactions with Bethphage (2021: none).

The Trustees received no remuneration (2021: no remuneration) in connection with their duties as trustees. In 2022 five (2021: two) Trustees received reimbursement for their travel expenses to meetings held during the year. These expenses, together with liaison/entertainment expenses and costs of meetings (such as catering), were £4,055 (2021: £1,087). No other payments were made directly to, or for benefit of, Trustees (2021: none).

As part of its work to support Lutheran churches, the Trustees made grants during the year to one member church (LCiGB) who had a serving Trustee of the Council amongst its leaders and is detailed below. The relevant Trustee had no part in the decision regarding this grant.

Grants to member churches including a trustee amongst their pastors were:	2022	2021
	£	£
Lutheran Church in Great Britain	97,394	89,708
German Church	-	11,970
Norwegian Church	-	12,500
Swedish Church	-	12,000
	97,394	126,178

There are no further related party transactions (2021: none).

12 STAFF COSTS

	TOTAL 2022	TOTAL 2021
	£	£
Staff costs comprised:		
Wages and salaries	191,624	191,973
Social security costs	17,883	15,532
Other pension costs	19,148	14,238
Other staff costs	1,137	11,042
	229,792	232,785

One employee had a salary higher than £60,000 during the year (2021: one). With the addition of employer's pension contributions, the General Secretary earned £67,980 in total (2021: £63,500). (This comprised salary plus employer's pension contributions before tax.) The key management personnel is considered to be the General Secretary.

The average number of persons employed during the year, most of whom were part-time employees, was:

	FTE 2022	Headcount 2022	FTE 2021	Headcount 2021
Central, Outreach and Chaplaincy	3.7	7.3	3.9	7.8
	3.7	7.3	3.9	7.8

THE LUTHERAN COUNCIL OF GREAT BRITAIN Company limited by guarantee no. 557552
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

13 TANGIBLE FIXED ASSETS

	Freehold property	Leasehold property	Work in progress	Plant & machinery	Fixtures, fittings and equipment	Total
	£	£	£	£	£	£
Cost						
At 1 January 2022	1,328,966	-	22,732	-	35,921	1,387,619
Additions	34,623	2,483,932	-	94,463	61,822	2,674,840
Transfers	-	22,732	(22,732)	-	-	-
At 31 December 2022	1,363,589	2,506,664	-	94,463	97,743	4,062,459
Depreciation						
At 1 January 2022	267,474	-	-	-	35,921	303,395
Charge for the year	19,710	33,333	-	3,149	3,140	59,332
At 31 December 2022	287,184	33,333	-	3,149	39,061	362,727
Net book value						
At 31 December 2021	1,061,492	-	22,732	-	-	1,084,224
At 31 December 2022	1,076,405	2,473,331	-	91,314	58,682	3,699,732

Capital commitments at 31 December 2022 were £5,500 (2021: NIL). This is the retention for the fit-out works at Trident House.

The freehold property of four flats at 4 Sandwich Street is classed as a functional fixed asset as the flats were for the use of clergy and staff to fulfil the Council's charitable purpose.

The leasehold property is for Trident House which is used for the Council's activities.

14 INVESTMENTS

	2022 £	2021 £
Investment in LCGB Trading Ltd (dormant)	100	100
Portfolio of Invested Funds		
Market value at 1 January	21,359,257	19,580,738
Additions	2,620,369	5,191,377
Less: disposals	(2,518,350)	(3,707,623)
Net movement on cash accounts	(2,883,053)	(1,676,786)
Net gains on valuation	(1,682,859)	1,971,551
Market value at 31 December	16,895,364	21,359,257
Listed investments	16,415,964	17,545,582
Cash on call	479,400	3,813,675
Market value at 31 December	16,895,364	21,359,257
Total value at 31 December	16,895,464	21,359,357
Details of investments:		
<i>UK Equities</i>	841,658	1,111,079
<i>Global Equities</i>	3,936,764	4,540,776
<i>Bonds</i>	1,474,106	1,504,512
<i>Properties</i>	-	-
<i>Multi Asset Funds</i>	8,197,356	9,136,043
<i>Other Assets</i>	1,444,980	1,253,172
<i>Cash</i>	1,000,500	3,813,675
Market value at 31 December	16,895,364	21,359,257
Historical cost	15,764,457	18,105,494
Unrealised gain	1,130,907	3,253,763
Holdings greater than 5%		
SUTL Cazenove Charity Responsible Multi Asset	£ 8,197,356	% 48.5%

The Lutheran Council holds 100 shares in LCGB Trading limited. The company is dormant, the surplus was £nil (2021: nil), net assets were £100 (2021: £100).

THE LUTHERAN COUNCIL OF GREAT BRITAIN Company limited by guarantee no. 557552
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

15 DEBTORS	2022 £	2021 £
Due within one year:		
Trade debtors	550	500
Other debtors	1,300	557
Prepayments and accrued income	5,546	14,190
	7,396	15,247

16 CREDITORS	2022 £	2021 £
Due within one year:		
Taxation and social security	-	275
Trade creditors	15,632	11,119
Grant liabilities	18,550	22,250
Accruals	33,131	11,313
	67,313	44,957
Due after one year:		
Pension accrual	336	681

See note 21 for further details of the pension liability

17 RESTRICTED FUNDS	Student hardship fund £	Total 2022 £	Total 2021 £
Balance 1 January	7,627	7,627	7,627
Transfer	(7,627)	(7,627)	-
Expenditure	-	-	-
Balance at 31 December	-	-	7,627

The Student Hardship fund comprises the unspent balance of donations for the support of students suffering hardship. The fund was effectively a designated fund, as the original conditions were set by the Council and not the donors, though it has been accounted as a restricted fund in error. In 2022 the balance of the fund was moved to the unrestricted Student Fund.

18 UNRESTRICTED FUNDS	Balance 1 January 2022 £	Income & investment gains £	Expenditure £	Transfers £	Balance 31 December 2022 £
Designated funds					
Fixed assets fund	1,084,224	-	(59,332)	2,674,840	3,699,732
Student Fund	2,341	-	(1,703)	7,627	8,265
Donation Fund	90,000	-	(10,000)	-	80,000
Property purchase Fund	2,700,000	-	-	(2,653,302)	46,698
	3,876,565	-	(71,035)	29,165	3,834,695
General funds	18,663,797	(1,257,181)	(547,487)	(21,538)	16,837,591
	22,540,362	(1,257,181)	(618,522)	7,627	20,672,286
Prior year unrestricted funds					
	Balance 1 January 2021 £	Income & investment gains £	Expenditure £	Transfers £	Balance 31 December 2021 £
Designated funds					
Fixed assets fund	1,080,970	-	(19,478)	22,732	1,084,224
Student Fund	-	-	-	2,341	2,341
Donation Fund	-	-	-	90,000	90,000
Property purchase fund	-	-	-	2,700,000	2,700,000
	1,080,970	-	(19,478)	2,815,073	3,876,565
General funds	19,684,388	2,377,922	(583,440)	(2,815,073)	18,663,797
	20,765,358	2,377,922	(602,918)	-	22,540,362

Fixed assets fund: this fund represents the net amount tied up in tangible fixed assets and so not available to spend.

Student fund: is available to support students and student related projects. In 2022 the restricted Student Hardship fund was transferred to this fund as the restriction was removed. See note 17.

Donation fund: After the sale of the ILSC in 2020, this fund was set up in recognition that the ILSC was purchased with donations. The fund will make an annual donation of £10,000 to a charity/charities that aligns with the Council's mission.

Property purchase fund: the Council purchased a new property to carry out its activities in 2022, this fund is for the purchase and fitting out of the new premises. The remaining balance on the fund is for acoustic panels in the studio and external signage, the fund will be closed in 2023.

General fund: this fund represents the net amount held for general expenditure. The policy is to have a minimum fund of £16.7 million in General Funds as this will provide the investment returns to finance the organisations operations. At December 2022 the General Fund was £16.8 million.

THE LUTHERAN COUNCIL OF GREAT BRITAIN Company limited by guarantee no. 557552
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

The net assets are held for the various funds as follows:

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	3,699,732	-	3,699,732	1,084,224	-	1,084,224
Investments	16,895,464	-	16,895,464	21,359,357	-	21,359,357
Net current assets	77,426	-	77,426	97,462	7,627	105,089
Long term (liabilities)	(336)	-	(336)	(681)	-	(681)
	20,672,286	-	20,672,286	22,540,362	7,627	22,547,989

20 PENSION COSTS

The assets of the pension schemes, all of which are defined contribution schemes, are held separately from those of the Council in independently administered funds. Contributions made by the Council to the schemes during the year are shown in note 12. Contributions of £NIL were due to the schemes at the year end (2021: £271).

21 PENSION SCHEME OBLIGATIONS

Six members of staff of the Council participate in TPT Retirement Solutions' Growth Plan series 4, which is a defined contribution scheme open to all staff and in which the higher earners are automatically enrolled, in accordance with legislation.

Two former employees are members of a multi-employer scheme (now closed) which provides benefits to some 638 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme. The scheme is in deficit and the Council's current liability is £327 (2021: £527) and long-term liability is £354 (2021: £681). Due to the reduced scheme liability and deficit payments made in 2022 the amount recognised in the SOFA was a net loss of £274 (2021: net gain £2,442).

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.94m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit Contributions

From 1 April 2022 to 31 January 2025: £3,312,000 per annum (payable monthly)

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.4m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

Deficit Contributions

From 1 April 2019 to 30 September 2025: £11,243,000 per annum (payable monthly and increasing 3% each year on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities. Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

THE LUTHERAN COUNCIL OF GREAT BRITAIN Company limited by guarantee no. 557552
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

21 PENSION SCHEME OBLIGATIONS (continued)

Present values of provision	31 December 2022 £	31 December 2021 £
Present value of provision	649	1,190
Reconciliation of opening and closing provisions	Period ending 31 December 2022 £	Period ending 31 December 2021 £
Provision at start of period	1,190	4,749
Deficit contribution paid	(527)	(1,117)
Unwinding of the discount factor (interest expense)	10	11
Remeasurements - impact of any change in assumptions	(24)	(14)
Remeasurements - amendments to the contribution schedule	-	(2,439)
Provision at end of period	649	1,190
Assumptions	2022	2021
Rate of Discount (per cent per annum)	4.96%	1.18%

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The Council has been notified by the Pensions Trust of the estimated Employer Debt on Withdrawal from the Plan based on the financial position of the Plan as at 30 September 2016. They estimated that, after taking into account the debt due from other employers, the Council's Employer Debt on Withdrawal is estimated as £13,295 plus costs and fees of apportioning the debt among other employers. There is no current intention to leave the Plan and trigger this contingent liability.

22 OPERATING LEASE COMMITMENTS

	2022 £	2021 £
At 31 December 2022 the annual commitments under non-cancellable operating leases were as follows:		
Land and buildings		
Within one year	-	14,630
Within two to five years	-	-
Over five years	-	-
Land and buildings total	-	14,630
	-	14,630